

HOUSE BILL No. 1004

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8-2.8; IC 5-10.4; IC 20-26; IC 20-28.

Synopsis: School health and pension plans. Requires a school corporation to offer at least one high deductible health insurance plan as an option for its employees. Requires a school corporation to pay as additional compensation to an employee who elects a high deductible health plan the amount saved by the school corporation in providing health care coverage to the employee because of the employee's election. Establishes the teacher's defined contribution plan as an account within the Indiana state teachers' retirement fund (fund). Provides that an individual who begins employment with a school corporation in a covered position that would otherwise be eligible for membership in the fund may elect to become a member of the teacher's defined contribution plan. Provides that an individual who does not elect to become a member of the plan becomes a member of the fund. Requires the board of trustees of the Indiana public retirement system (board) to establish, subject to any approval from the Internal Revenue Service that the board considers necessary or desirable, alternative investment programs within the annuity savings account as the initial alternative investment programs for the teacher's defined contribution plan, except that the board shall maintain at least one investment option that is a stable value fund and may not offer the guaranteed program as an investment option. Provides that each member's contribution to the teacher's defined contribution plan is 3% of the member's compensation, but authorizes the employer to pay all or part of the member's contribution on behalf of the member. Allows a member to make additional contributions to the teacher's defined contribution plan up to 10% of the member's compensation. Provides that the employer's

(Continued next page)

Effective: July 1, 2016.

Behning, McNamara, Truitt

January 13, 2016, read first time and referred to Committee on Education.



contribution rate for the teacher's defined contribution plan is equal to the employer's contribution rate for the fund as determined by the board, although the amount credited from the employer's contribution rate to the member's account may not be greater than the normal cost of the fund. Provides that any amount not credited to the member's account shall be applied to the unfunded accrued liability of the fund. Provides that member contributions and net earnings on the member contributions belong to the member at all times and do not belong to the employer. Provides that a member is vested in the employer contribution subaccount at 20% per year with full vesting after five years participation in the teacher's defined contribution plan. Provides that if a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the subaccount that is not vested is forfeited. Provides that a member who: (1) terminates service in a covered position; and (2) does not perform any service in a covered position for at least 30 days after the date on which the member terminates service; is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. Provides that a member may elect to have withdrawals paid as: (1) a lump sum; (2) a direct rollover to another eligible retirement plan; or (3) if the member has attained 62 years of age with at least five years participation in the plan, a monthly annuity in accordance with the rules of the board. Provides a school corporation may hire an individual to teach if the individual: (1) has a bachelor's degree with at least a cumulative grade point average of 3.0 on a 4.0 scale in a content area related to the area in which the individual intends to teach; (2) has passed content area licensure assessments required by the department of education to teach in the area in which the applicant intends to teach; and (3) has a valid teaching license in another state. Provides that at least 90% of the individuals who teach full time at a school corporation must either: (1) hold a license to teach in a public school in Indiana; or (2) be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program. Provides that a school corporation may provide a supplemental payment in excess of the salary specified in the school corporation's compensation plan to a teacher who is, or will be, employed in a position that is difficult to fill by the school corporation.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning pensions and education.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10-8-2.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 2.8. (a) This section applies to a school corporation**
4 **after June 30, 2016.**
5 **(b) A school corporation that provides coverage of health care**
6 **services for its employees shall offer as an option at least one (1)**
7 **high deductible health plan (as defined in 26 U.S.C. 223(c)(2)).**
8 SECTION 2. IC 5-10.4-4-1, AS AMENDED BY P.L.119-2012,
9 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2016]: Sec. 1. (a) The members of the fund include:
11 (1) legally qualified and regularly employed teachers in the public
12 schools;
13 (2) persons employed by a governing body, who were qualified
14 before their election or appointment;
15 (3) legally qualified and regularly employed teachers at Ball State



University, Indiana State University, University of Southern Indiana, and Vincennes University;

(4) legally qualified and regularly employed teachers in a state educational institution whose teachers devote their entire time to teaching;

(5) legally qualified and regularly employed teachers in state benevolent, charitable, or correctional institutions;

(6) legally qualified and regularly employed teachers in an experimental school in a state university who teach elementary or high school students;

(7) as determined by the board, certain instructors serving in a state educational institution extension division not covered by a state retirement law;

(8) employees and officers of the department of education and of the fund who were qualified before their election or appointment;

(9) a person who:

(A) is employed as a nurse appointed under IC 20-34-3-6 by a school corporation located in a city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); and

(B) participated in the fund before December 31, 1991, in the position described in clause (A); and

(10) persons who are employed by the fund.

(b) Teachers in any state institution who accept the benefits of a state supported retirement benefit system comparable to the fund's benefits may not come under the fund unless permitted by law or the rules of the board.

(c) The members of the fund do not include substitute teachers who have not obtained an associate degree or a baccalaureate degree.

(d) The members of the fund do not include individuals who participate in the teachers' defined contribution plan under IC 5-10.4-8.

SECTION 3. IC 5-10.4-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

Chapter 8. Teachers' Defined Contribution Plan

Sec. 1. (a) Except as provided in subsection (b), this chapter applies after the effective date of the plan to an individual who:

(1) begins employment with a school corporation in a covered position that would otherwise be eligible for membership in the fund under IC 5-10.4-4; and

(2) makes the election described in section 6 of this chapter to



become a member of the plan.

(b) This chapter does not apply to the following:

(1) An individual who, before the effective date of the plan, is or was a member (as defined in IC 5-10.4-1-9) of the fund.

(2) An individual who, on or after the effective date of the plan:

(A) begins employment with a school corporation that participates in the plan in a covered position that would otherwise be eligible for membership in the fund under IC 5-10.4-4; and

(B) does not make the election described in section 6 of this chapter to become a member of the plan.

Sec. 2. The following definitions apply throughout this chapter:

(1) "Account" means the plan account established for a member under section 7(b) of this chapter.

(2) "Annuity savings account" means the annuity savings account of the 1996 account maintained under IC 5-10.2-2-2(b)(2) and IC 5-10.2-2-2(c)(1).

(3) "Compensation" has the meaning set forth in IC 5-10.2-3-2(a).

(4) "Effective date" means the first day of the month that is six (6) months after the month in which the Internal Revenue Service issues an approval of the plan.

(5) "Employer" means a school corporation.

(6) "Employer contribution subaccount" means the subaccount in a member's plan account established under section 7(b)(2) of this chapter.

(7) "Internal Revenue Code" has the meaning set forth in IC 5-10.2-1-3.5.

(8) "Member" means an individual described in section 1(a) of this chapter who is not otherwise excluded from membership in the plan.

(9) "Member contribution subaccount" means the subaccount in a member's plan account established under section 7(b)(1) of this chapter.

(10) "Normal retirement age" for a member means the member is at least sixty-two (62) years of age with at least five (5) years of participation in the plan.

(11) "Plan" refers to the teachers' defined contribution plan established by section 4 of this chapter.

(12) "Years of participation" means all periods of participation in the plan in a covered position, plus any



1 additional service for which this chapter provides years of
2 participation credit.

3 Sec. 3. Except as otherwise provided in this chapter or by
4 federal law, and subject to the board obtaining any approval from
5 the Internal Revenue Service that the board considers necessary or
6 desirable, the provisions of this article that apply to the annuity
7 savings account apply to an account established under this chapter.

8 Sec. 4. (a) The teachers' defined contribution plan is established
9 for the purpose of providing amounts funded by an employer and
10 a member for the use of the member or the member's beneficiaries
11 or survivors after the member's retirement.

12 (b) The board shall adopt provisions to implement the plan
13 established under subsection (a) as follows:

14 (1) The board shall initially offer the plan using the annuity
15 savings account, subject to obtaining any approval from the
16 Internal Revenue Service that the board considers necessary
17 or desirable to preserve the qualified status of the plan and
18 the fund. The plan as provided under this subdivision is a
19 component within the fund.

20 (2) If the approval of the Internal Revenue Service to offer the
21 plan using the annuity savings account cannot be obtained in
22 a manner satisfactory to the board, the board shall offer the
23 plan as a separate fund under Section 401(a) or another
24 applicable section of the Internal Revenue Code.

25 (c) The board shall administer the plan.

26 (d) The board may adopt a plan document that it considers
27 appropriate or necessary to administer the plan.

28 Sec. 5. The board may request from the Internal Revenue
29 Service any rulings or determination letters that the board
30 considers necessary or appropriate in order to implement or
31 administer the plan.

32 Sec. 6. (a) An individual who, on or after the effective date of the
33 plan, begins employment with a school corporation that
34 participates in the plan in a covered position that would otherwise
35 be eligible for membership in the fund under IC 5-10.4-4 may elect
36 to become a member of the plan.

37 (b) An election under this section:

38 (1) must be made in writing;

39 (2) must be filed with the board, on a form prescribed by the
40 board; and

41 (3) is irrevocable.

42 (c) An individual who does not elect to become a member of the



plan becomes a member (as defined in IC 5-10.4-1-9) of the fund.

Sec. 7. (a) The plan consists of the following:

- (1) Each member's contributions to the plan under section 9 of this chapter.
- (2) Contributions made by an employer to the plan on behalf of each member under section 10 of this chapter.
- (3) Rollovers to the plan by a member under section 15 of this chapter.
- (4) All earnings on investments or deposits of the plan.
- (5) All contributions or payments to the plan made in the manner provided by the general assembly.

(b) The plan shall establish an account for each member. A member's account consists of two (2) subaccounts credited individually as follows:

- (1) The member contribution subaccount consists of:
 - (A) the member's contributions to the plan under section 9 of this chapter; and
 - (B) the net earnings on the contributions described in clause (A) as determined under section 8 of this chapter.
- (2) The employer contribution subaccount consists of:
 - (A) the employer's contributions made on behalf of the member to the plan under section 10 of this chapter; and
 - (B) the earnings on the contributions described in clause (A) as determined under section 8 of this chapter.

The board may combine the two (2) subaccounts established under this subsection into a single account, if the board determines that a single account is administratively appropriate and permissible under applicable law.

(c) If a member makes rollover contributions under section 15 of this chapter, the plan shall establish a rollover account as a separate subaccount within the member's account.

Sec. 8. (a) Subject to the board obtaining any approval from the Internal Revenue Service that the board considers necessary or desirable, the board shall establish the alternative investment programs (as described by IC 5-10.2-2-3 and IC 5-10.2-2-4) within the annuity savings account as the initial alternative investment programs for the plan, except that the board shall maintain at least one (1) alternative investment program that is a stable value fund. If the board considers it necessary or appropriate, the board may establish different or additional alternative investment programs for the plan. However, the guaranteed program (as defined in IC 5-10.2-2-3) may not be offered as an investment option under



the plan.

(b) The requirements and rules that apply to the alternative investment programs within the annuity savings account are the initial requirements and rules that apply to the alternative investment programs within the plan, including the following:

(1) The board's investment guidelines and limits for the alternative investment programs.

(2) A member's selection of and changes to the member's investment options.

(3) The valuation of a member's account.

(4) The allocation and payment of administrative expenses for the alternative investment programs.

(c) If the board considers it necessary or appropriate, the board may establish different or additional requirements and rules that apply to the alternative investment programs within the plan.

(d) The board shall determine the appropriate administrative fees to be charged to the member accounts.

Sec. 9. (a) Each member's contribution to the plan is equal to three percent (3%) of the member's compensation.

(b) An employer may pay all or part of the member's contribution on behalf of the member.

(c) To the extent permitted by the Internal Revenue Code and applicable regulations, a member of the plan may make contributions to the plan in addition to the contribution required under subsection (a). IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions made under this subsection.

(d) Member contributions must be credited to the member's account as specified in IC 5-10.2-3.

(e) Although designated as employee contributions, the contributions made under subsection (b) by an employer may be picked up and paid by the employer instead of the contributions being paid by the employee in accordance with Section 414(h)(2) of the Internal Revenue Code.

(f) A member may not receive any amounts paid by an employer under this section directly instead of having the amounts paid to the plan.

Sec. 10. (a) An employer shall make employer contributions to the plan based on the rate determined under this section.

(b) The employer's contribution rate for the plan must be equal to the employer's contribution rate for the fund as determined by the board under IC 5-10.2-2-11(b). The amount credited from the employer's contribution rate to the member's account may not be



greater than the normal cost of the fund. Any amount not credited to the member's account must be applied to the unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(c) An employer's minimum contribution under this section is equal to three percent (3%) of the compensation of all members of the plan.

(d) An employer shall submit the employer contributions determined under this section as provided in IC 5-10.2-2-12.5.

Sec. 11. (a) Member contributions and net earnings on the member contributions in the member contribution subaccount belong to the member at all times and do not belong to the employer.

(b) A member is vested in the employer contribution subaccount in accordance with the following schedule:

Years of participation in the plan	Vested percentage of employer contributions and earnings
1	20%
2	40%
3	60%
4	80%
5	100%

For purposes of vesting in the employer contribution subaccount, only a member's full years of participation in the plan may be counted.

(c) The amount that a member may withdraw from the member's account is limited to the vested portion of the account.

(d) A member who attains normal retirement age is fully vested in all amounts in the member's account.

(e) If a member separates from service with an employer before the member is fully vested in the employer contribution subaccount, the amount in the employer contribution subaccount that is not vested is forfeited as of the date the member separates from service.

(f) Amounts forfeited under subsection (e) must be used to reduce the employer's unfunded accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

(g) A member may not earn creditable service (as defined in IC 5-10.2-3-1(a)) under the plan.

Sec. 12. (a) Subject to the provisions of the Internal Revenue Code applicable to qualified plan distributions, a member who:



- (1) terminates service in a covered position; and
- (2) does not perform any service in a position covered by the fund for at least thirty (30) days after the date on which the member terminates service;

is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. A member must make a required withdrawal from the member's account not later than the required beginning date under the Internal Revenue Code.

(b) The member may elect to have withdrawals paid as:

- (1) a lump sum;
- (2) a direct rollover to another eligible retirement plan; or
- (3) if the member has attained normal retirement age, a monthly annuity in accordance with the rules of the board.

(c) The board may establish a minimum account balance or a minimum monthly payment amount in order for a member to select the monthly annuity option. The board shall establish the forms of annuity by rule, in consultation with the board's actuary. The board shall give members information about these forms of payment and any information required by federal law to accompany such distributions.

(d) Unless otherwise required by federal or state law, the requirements and rules that apply to the distribution of the annuity savings account apply to distributions from a member's account.

Sec. 13. (a) If a member dies:

- (1) while in service in a position covered by the plan but not in the line of duty; or
- (2) after terminating service in a position covered by the plan but before withdrawing the member's account;

to the extent that the member is vested, the member's account shall be paid to the beneficiary or beneficiaries designated by the member on a form prescribed by the board. The amount paid must be valued as provided in IC 5-10.2-2-3 and IC 5-10.2-2-4. The board shall invest the total amount in the member's account in the stable value fund not later than thirty (30) days after receiving notification of a member's death.

(b) If there is no properly designated beneficiary, or if no beneficiary survives the member, the member's account shall be paid to:

- (1) the surviving spouse of the member;
- (2) if there is not a surviving spouse, the surviving dependent or dependents of the member in equal shares; or
- (3) if there is not a surviving spouse or dependent, the



1 member's estate.

2 (c) The beneficiary or beneficiaries designated under subsection
3 (a) or a survivor determined under subsection (b) may elect to have
4 the member's account paid as:

5 (1) a lump sum;

6 (2) a direct rollover to another eligible retirement plan; or

7 (3) a monthly annuity in accordance with rules of the board.

8 A monthly annuity is an option only on or after the date the
9 beneficiary or survivor becomes sixty-two (62) years of age. The
10 board shall establish the forms of annuity by rule, in consultation
11 with the board's actuary. Further, the board may establish a
12 minimum account balance or a minimum monthly payment
13 amount that is required in order for a beneficiary or survivor to
14 select the monthly annuity option.

15 Sec. 14. (a) All assets in the plan are exempt from levy, sale,
16 garnishment, attachment, or other legal process.

17 (b) A member, beneficiary, or survivor may not assign any
18 payment under this chapter except for the following:

19 (1) Premiums on a life, hospitalization, surgical, or medical
20 group insurance plan maintained in part by a state agency.

21 (2) Dues to an association that proves to the board's
22 satisfaction that the association has as members at least
23 twenty percent (20%) of the retired members in the plan.

24 Sec. 15. (a) To the extent permitted by the Internal Revenue
25 Code and the applicable regulations and guidance, the plan may
26 accept, on behalf of any member who is employed in a covered
27 position, a rollover distribution from any of the following:

28 (1) A qualified plan described in Section 401(a) or Section
29 403(a) of the Internal Revenue Code.

30 (2) An annuity contract or account described in Section 403(b)
31 of the Internal Revenue Code.

32 (3) An eligible plan maintained by a state, a political
33 subdivision of a state, or an agency or instrumentality of a
34 state or political subdivision of a state under Section 457(b) of
35 the Internal Revenue Code.

36 (4) An individual retirement account or annuity described in
37 Section 408(a) or 408(b) of the Internal Revenue Code.

38 (b) Any amounts rolled over under subsection (a) must be
39 accounted for in a rollover account that is separate from the
40 member's account in the plan. The member shall be fully vested in
41 the member's rollover account.

42 (c) A member may direct the investment of the member's



1 rollover account into any alternative investment option that the
 2 board may make available to the member's rollover account under
 3 section 8 of this chapter.

4 (d) A member may withdraw the member's rollover account
 5 from the plan in a lump sum or direct a rollover to an eligible
 6 retirement plan at any time. Upon attainment of normal retirement
 7 age, in addition to these payment options, the member may
 8 withdraw the member's rollover account as a monthly annuity as
 9 established by the board in accordance with the annuity options
 10 that are available for the member's account in the plan. A member
 11 shall make a required withdrawal from the member's account in
 12 the plan not later than the required beginning date under the
 13 Internal Revenue Code.

14 Sec. 16. (a) If a member becomes disabled while in a covered
 15 position, subject to any federal law limitations concerning qualified
 16 plan distributions and the member furnishing proof of the
 17 member's qualification for Social Security disability benefits to the
 18 board, to the extent that the member is vested, the member may
 19 make a withdrawal from the member's account.

20 (b) The member may elect to have the withdrawal paid as:

- 21 (1) a lump sum;
- 22 (2) a direct rollover to another eligible retirement plan; or
- 23 (3) a monthly annuity in accordance with the rules of the
- 24 board.

25 (c) The board may establish a minimum account balance or a
 26 minimum monthly payment amount in order for a member to
 27 select the monthly annuity option.

28 Sec. 17. (a) If a member of the plan separates from employment
 29 with the member's employer and later returns to employment in a
 30 position covered by the plan:

- 31 (1) the individual resumes membership in the plan; and
- 32 (2) the member is entitled to receive credit for the member's
- 33 years of participation in the plan before the member's
- 34 separation. However, any amounts forfeited by the member
- 35 under section 11(e) of this chapter may not be restored to the
- 36 member's account.

37 (b) An individual who elected under section 6 of this chapter to
 38 become a member of the plan resumes membership in the plan
 39 upon the individual's return to employment covered by the plan.

40 (c) An individual who did not elect to become a member of the
 41 plan resumes membership in the fund.

42 (d) An individual who returns to employment in a position



covered by the plan having had an opportunity to make an election under section 6 of this chapter during an earlier period of employment is not entitled to a second opportunity to make an election under section 6 of this chapter.

SECTION 4. IC 5-10.4-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]:

Chapter 9. Participation by School Corporations in the Defined Contribution Plan

Sec. 1. The following definitions apply throughout this chapter:

- (1) "Account" has the meaning set forth in IC 5-10.4-8-2(1).
- (2) "Plan" has the meaning set forth in IC 5-10.4-8-2(11).

Sec. 2. On the effective date of the plan, a school corporation becomes a participant in the plan.

Sec. 3. After a school corporation becomes a participant in the plan, its governing body may make appropriations, make payments, and do all things required under IC 5-10.4-8.

Sec. 4. The board shall maintain separate accounts for each contribution rate group. Credits and charges to these accounts shall be made as prescribed under IC 5-10.4-8.

Sec. 5. A school corporation shall make the appropriations and payments required under this article and IC 5-10.2 from its general fund.

Sec. 6. If a school corporation fails to make payments required by this chapter, the amount payable may be:

- (1) withheld by the auditor of state from money payable to the school corporation and transferred to the plan; or
- (2) recovered in a suit in the circuit or superior court of the county in which the school corporation is located. The suit must be an action by the state on the relation of the board, prosecuted by the attorney general.

SECTION 5. IC 20-26-5-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 5.5.** (a) Subject to subsection (b), a school corporation may hire an individual to teach under section 4(a)(8) of this chapter if the individual:

- (1) has a bachelor's degree with at least a cumulative grade point average of 3.0 on a 4.0 scale in a content area related to the area in which the individual intends to teach;
- (2) has passed content area licensure assessments required by the department to teach in the area in which the applicant intends to teach; and



1 **(3) has a valid teaching license in another state.**

2 **(b) At least ninety percent (90%) of the individuals who teach**
 3 **full time at a school corporation must either:**

4 **(1) hold a license to teach in a public school in Indiana under**
 5 **IC 20-28-5; or**

6 **(2) be in the process of obtaining a license to teach in a public**
 7 **school in Indiana under the transition to teaching program**
 8 **established by IC 20-28-4-2.**

9 SECTION 6. IC 20-26-17-10 IS ADDED TO THE INDIANA
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2016]: **Sec. 10. (a) A school corporation that,**
 12 **after June 30, 2016, provides coverage of health care services for**
 13 **its employees shall offer as an option at least one (1) high**
 14 **deductible health plan (as defined in 26 U.S.C. 223(c)(2)).**

15 **(b) A school corporation shall pay as additional compensation**
 16 **to an employee who elects a high deductible health plan the amount**
 17 **saved by the school corporation in providing health care coverage**
 18 **to the employee because of the employee's election.**

19 SECTION 7. IC 20-28-7.5-1, AS AMENDED BY P.L.239-2015,
 20 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2016]: **Sec. 1. (a) This chapter applies to a teacher in a school**
 22 **corporation (as defined in IC 20-18-2-16(a)).**

23 **(b) A contract with a teacher may be canceled immediately in the**
 24 **manner set forth in sections 2 through 4 of this chapter for any of the**
 25 **following reasons:**

26 **(1) Immorality.**

27 **(2) Insubordination, which means a willful refusal to obey the**
 28 **state school laws or reasonable rules adopted for the governance**
 29 **of the school building or the school corporation.**

30 **(3) Incompetence, including:**

31 **(A) for probationary teachers, receiving an ineffective**
 32 **designation on a performance evaluation or receiving two (2)**
 33 **consecutive improvement necessary ratings on a performance**
 34 **evaluation under IC 20-28-11.5; or**

35 **(B) for any teacher, receiving an ineffective designation on**
 36 **two (2) consecutive performance evaluations or an ineffective**
 37 **designation or improvement necessary rating under**
 38 **IC 20-28-11.5 for three (3) years of any five (5) year period.**

39 **(4) Neglect of duty.**

40 **(5) A conviction of an offense listed in IC 20-28-5-8(c).**

41 **(6) Other good or just cause.**

42 **(c) In addition to the reasons set forth in subsection (b), a**



1 probationary teacher's contract may be canceled for any reason relevant
 2 to the school corporation's interest in the manner set forth in sections
 3 2 through 4 of this chapter.

4 (d) After June 30, 2012, the cancellation of teacher's contracts due
 5 to a justifiable decrease in the number of teaching positions shall be
 6 determined on the basis of performance rather than seniority. In cases
 7 where teachers are placed in the same performance category, any of the
 8 items in ~~IC 20-28-9-1.5(b)~~ **IC 20-28-9-1.5(c)** may be considered.

9 (e) Only the governing body may terminate, cancel, or otherwise
 10 refuse to renew a contract of a superintendent or assistant
 11 superintendent. Notice of the contract cancellation or the refusal to
 12 renew the individual's contract must be provided in the manner
 13 provided in IC 20-28-8-3(a).

14 SECTION 8. IC 20-28-9-1.5, AS AMENDED BY P.L.213-2015,
 15 SECTION 179, IS AMENDED TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2016]: Sec. 1.5. (a) This subsection governs
 17 salary increases for a teacher employed by a school corporation.
 18 Compensation attributable to additional degrees or graduate credits
 19 earned before the effective date of a local compensation plan created
 20 under this chapter before July 1, 2015, shall continue for school years
 21 beginning after June 30, 2015. Compensation attributable to additional
 22 degrees for which a teacher has started course work before July 1,
 23 2011, and completed course work before September 2, 2014, shall also
 24 continue for school years beginning after June 30, 2015. For school
 25 years beginning after June 30, 2015, a school corporation may provide
 26 a supplemental payment to a teacher in excess of the salary specified
 27 in the school corporation's compensation plan if the teacher has earned
 28 a master's degree from an accredited postsecondary educational
 29 institution in a content area directly related to the subject matter of:

- 30 (1) a dual credit course; or
 31 (2) another course;

32 taught by the teacher. In addition, a supplemental payment may be
 33 made to an elementary school teacher who earns a master's degree in
 34 math or reading and literacy. A supplement provided under this
 35 subsection is not subject to collective bargaining, but a discussion of
 36 the supplement must be held. Such a supplement is in addition to any
 37 increase permitted under subsection ~~(b)~~: (c).

38 **(b) A school corporation may provide a supplemental payment**
 39 **in excess of the salary specified in the school corporation's**
 40 **compensation plan to a teacher who is, or will be, employed in a**
 41 **position that is difficult to fill by the school corporation, as**
 42 **determined by the school corporation. A supplement provided**



1 **under this subsection is not subject to collective bargaining, but a**
 2 **discussion of the supplement must be held. A supplement made**
 3 **under this subsection is in addition to any increase permitted under**
 4 **subsection (c).**

5 ~~(b)~~ **(c)** Increases or increments in a local salary range must be based
 6 upon a combination of the following factors:

7 (1) A combination of the following factors taken together may
 8 account for not more than thirty-three percent (33%) of the
 9 calculation used to determine a teacher's increase or increment:

10 (A) The number of years of a teacher's experience.

11 (B) The attainment of either:

12 (i) additional content area degrees beyond the requirements
 13 for employment; or

14 (ii) additional content area degrees and credit hours beyond
 15 the requirements for employment, if required under an
 16 agreement bargained under IC 20-29.

17 (2) The results of an evaluation conducted under IC 20-28-11.5.

18 (3) The assignment of instructional leadership roles, including the
 19 responsibility for conducting evaluations under IC 20-28-11.5.

20 (4) The academic needs of students in the school corporation.

21 ~~(e)~~ **(d)** A teacher rated ineffective or improvement necessary under
 22 IC 20-28-11.5 may not receive any raise or increment for the following
 23 year if the teacher's employment contract is continued. The amount that
 24 would otherwise have been allocated for the salary increase of teachers
 25 rated ineffective or improvement necessary shall be allocated for
 26 compensation of all teachers rated effective and highly effective based
 27 on the criteria in subsection ~~(b)~~: **(c)**.

28 ~~(d)~~ **(e)** A teacher who does not receive a raise or increment under
 29 subsection ~~(e)~~ **(d)** may file a request with the superintendent or
 30 superintendent's designee not later than five (5) days after receiving
 31 notice that the teacher received a rating of ineffective. The teacher is
 32 entitled to a private conference with the superintendent or
 33 superintendent's designee.

34 ~~(e)~~ **(f)** The department shall publish a model compensation plan
 35 with a model salary range that a school corporation may adopt. Before
 36 July 1, 2015, the department may modify the model compensation plan,
 37 as needed, to comply with subsection ~~(f)~~: **(g)**.

38 ~~(f)~~ **(g)** Each school corporation shall submit its local compensation
 39 plan to the department. For a school year beginning after June 30,
 40 2015, a local compensation plan must specify the range for teacher
 41 salaries. The department shall publish the local compensation plans on
 42 the department's Internet web site.



- 1 ~~(g)~~ **(h)** The department shall report any noncompliance with this
2 section to the state board.
- 3 ~~(h)~~ **(i)** The state board shall take appropriate action to ensure
4 compliance with this section.
- 5 ~~(i)~~ **(j)** This chapter may not be construed to require or allow a school
6 corporation to decrease the salary of any teacher below the salary the
7 teacher was earning on or before July 1, 2015, if that decrease would
8 be made solely to conform to the new compensation plan.
- 9 ~~(j)~~ **(k)** After June 30, 2011, all rights, duties, or obligations
10 established under IC 20-28-9-1 before its repeal are considered rights,
11 duties, or obligations under this section.

